

Local Education Agency
Ad Hoc Workgroup
August 3, 2005 Meeting Summary

Location: Sacramento City Unified School District

ATTENDEES:

Name	Organization/Title
1. Liz Touhey	DHS, Medi-Cal Benefits Branch
2. Barbara Schultz	DHS, Medi-Cal Benefits Branch
3. Rhonda Da Cruz	DHS, Medi-Cal Benefits Branch
4. John DiCecco	Los Angeles Unified School District (USD)
5. Cathy Bennett	Sacramento City USD
6. Susan Bier	Konocti USD
7. Sue Hamblin	Stanislaus County Office of Education (COE)
8. Judy Holzapfel	Glenn COE
9. Barbara Miller	Fresno USD
10. Barbara Lewis Mill	California Association of School Psychologists
11. Robert Powell	California Speech-Language-Hearing Association
12. Kevin Harris	Navigant Consulting, Inc.
13. Marna Hammer	Navigant Consulting, Inc.
14. Gloria Eng	Navigant Consulting, Inc.
15. Marlana Evans	Navigant Consulting, Inc.

Handouts

Each participant received a folder with copies of the following: Agenda, DHS Free Care Waiver Letter dated July 27, 2005, DHS's responses to Workgroup feedback on the provider manual and billing codes section, draft physical therapy section of the LEA provider manual, Cost and Reimbursement Comparison Schedule discussion points, and Navigant Consulting's PowerPoint presentation.

Purpose

The meeting was convened by DHS in partnership with LAUSD. The purpose of the Workgroup is to improve the LEA Program. The emphasis of the meeting is to strategize various goals and activities aimed at enhancing Medi-Cal services provided on school sites and access by students to these services, which increasing federal reimbursement to LEAs for the cost of providing these services.

Speech-Language Equivalency State Plan Amendment (SPA)

The SPA was submitted to the Centers for Medicare and Medicaid Services (CMS) on July 5, 2005, with an effective date of August 17, 2004. CMS has 90 days from the submission date to respond with an approval, denial or request for additional information. Upon CMS approval, SPA implementation is contingent on changing State regulations to reflect consistent practitioner titles. DHS is preparing a proposed

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regulations package to address this regulation change, in the event that language to amend W&I Code §14132.06 is not approved in the current legislative session.

Free Care and Other Health Coverage (OHC)

A letter was prepared and submitted by DHS to CMS on July 27, 2005 requesting a waiver from the free care principle requirements based on the Oklahoma decision. DHS requested a 60-day response from CMS.

Provider Manual Revisions

Navigant Consulting described the revisions incorporated into the LEA provider manual based on the final review of “loc edu” by DHS and the Workgroup. Revisions included: 1) incorporating language to reflect that a registered credentialed school nurse, parent or teacher may refer a student for an assessment, in substitution of a written prescription, referral or recommendation; 2) clarifying language regarding models of service delivery for employed or contracted practitioners; 3) clarifying free care and OHC language; and 4) separating the billing requirements for initial and additional treatment service increments. In addition, many minor revisions were made based on Workgroup feedback. DHS provided the Workgroup members with explanations of revisions made to “loc edu” in a high-level summary matrix.

DHS and the Workgroup also reviewed the billing codes section of the LEA provider manual (“loc edu cd”). Revisions to “loc edu cd” included reorganizing the billing codes charts and clarifying the LEA Program Description for developmental assessments and health education/anticipatory guidance services. DHS provided the Workgroup members with explanations of revisions made to “loc edu cd” in a high-level summary document.

The LEA provider manual will contain ten sections describing the services that are reimbursable under the LEA Medi-Cal Billing Option Program. Each section will include the following information: service description; covered services; qualified rendering practitioners; prescriptions, referrals and recommendations; supervision requirements; IEP/IFSP assessments; annual services limitations; daily service limitations; initial and additional treatment services; and a chart containing billing codes, service limitations and rates.

Action:

What: Review the billing examples section, “loc edu ex”, and submit feedback to DHS.
Who: Workgroup
When: August 10, 2005

Action:

What: Review the 10 individual services sections and submit feedback to DHS.
Who: Workgroup
When: After “loc edu ex” review

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Cost and Reimbursement Comparison Schedule (CRCS) Update

Navigant Consulting conducted three site visits (an urban and rural LEA, and a billing consortium) and an informational conference call to a second billing consortium. The objective was to test the CRCS forms and instructions, and obtain documentation that could be presented in the CRCS provider training session. Additions were made to the draft CRCS training module to reflect feedback from the site visits. The site visits revealed some important issues to consider while finalizing the CRCS forms and instructions:

- ◇ Non-Public School and Agency contracts may not capture sufficient detail to support contractor hours and expenses as required in the CRCS. This may be due to the use of daily rates or bundled rates that may include services other than reimbursable health services. In addition, the contracts may not provide adequate documentation that services were rendered to Medi-Cal eligible students.
- ◇ CMS considers contractor expenses allowable when the contracted service supplements a service provided by an LEA employee. If LEAs contract for services when they do not employ the same type of practitioner, these contracted services cannot be billed to Medi-Cal. This issue may be a concern to small and rural LEAs that do not need a full-time practitioner, or cannot hire a practitioner due to workforce shortages in the area. The scope of this issue is presently unknown.
- ◇ Indirect service costs may not be coded in SACS by practitioner type. If this is the case, LEAs may not be able to sufficiently identify costs in the format required by the CRCS. LEAs may need to revise their SACS coding to record costs at the practitioner level in the future. In the interim, DHS will discuss possible allocation methodologies with Audits & Investigations, and include appropriate allocate statistics in the CRCS instructions, which will be sent to CMS for approval.
- ◇ Positions that are fully funded by federal monies are to be excluded from the CRCS. However, partially federally funded positions may be included in part, or in full, in the CRCS. Further research is necessary to determine the scope of partial federal funding, and practitioner time commitments association with such funding.
- ◇ Equipment meeting the LEA's capitalization threshold (generally equipment costing \$5,000 or more) should be capitalized, while equipment under this threshold must be treated as a capital outlay and expensed. The depreciation of capitalized equipment is now required for local agencies under GASB Statement 34. The initial phase of GASB 34 implementation is complete, and all LEAs

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should be tracking and depreciating their capitalized equipment. However, a SACS depreciation code has not been created by the California Department of Education that would standardize reporting of depreciation expenses associated with certain funding sources. Research is being conducted as to whether such a code will exist in the future. Until that time, LEAs may not be able to claim depreciation expenses on the CRCS for equipment related to the provision of health services.

- ◇ There are a number of other allowable expenses that were identified during site visits, and subsequently confirmed in OMB Circular A-87, as potentially allowable costs. The CRCS includes expenses that are clearly identifiable as being related to the direct provision of health services and that are significant expenditures. Some site visit participants identified other costs they incur for the provision of health services that were not included in the CRCS. However, the scope of these costs and their significance is unclear.

Final revisions to the CRCS forms and instructions will be made with input from the site visit participants and DHS Audits and Investigations (A&I). Upon finalization, the CRCS forms and instructions will be submitted to CMS for approval. Once approved, they will be forwarded to DHS Forms Management Unit for publication. Training on completion of the CRCS will be provided in the future.

Action:

What: Conference call with A&I to review CRCS forms and instructions, and discuss outstanding issues based on the site visits.

Who: Navigant Consulting

When: August 8, 2005

Action:

What: Submit CRCS forms and instructions to CMS for approval.

Who: DHS

When: ASAP

Action:

What: Submit CRCS forms and instructions to Forms Management for publication.

Who: DHS

When: ASAP

CRCS and SPA Implementation Training

As previously requested by the Workgroup, a two-day training was being planned for Fall 2005, covering SPA implementation and CRCS training modules. Prior to the Workgroup meeting, Navigant Consulting was preparing draft training materials and making tentative reservations for training sites. Potential issues were addressed with the Workgroup that may affect the SPA implementation timeline; therefore, the Workgroup expressed interest in splitting the two modules into separate trainings. As an

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alternative to the two-day trainings, the CRCS training could be conducted in Fall 2005 to prepare the business and billing personnel for the completion of the CRCS. Since the SPA implementation training will be structured around the new provider manual, the Workgroup suggested this training be postponed until the implementation date is clear and the Provider Manual is finalized. The Workgroup also noted the idea of using Web-casting for the trainings. The logistics for both trainings are still being addressed.

Action:

What: Research the possibility of Web-casting the CRCS training this fall.

Who: Navigant Consulting

When: ASAP

Action:

What: Provide feedback regarding CRCS and Implementation training options and scheduling.

Who: Workgroup

When: August 10, 2005

Upcoming Work

Upcoming work for DHS and Navigant Consulting include providing technical assistance to the SDN Implementation Team, preparing a proposed regulations package, finalizing fiscal year 2004-2005 paid claims analysis, and planning for new SPAs and rate studies.

Future Workgroup Meetings

The next Workgroup meeting for DHS and providers will be held in Sacramento on October 5th.